

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON LOCAL GOVERNMENT

Call to Order: By **CHAIRMAN DALE MAHLUM**, on January 16, 2001 at 3:00 P.M., in Room 335 Capitol.

ROLL CALL

Members Present:

Sen. Dale Mahlum, Chairman (R)
Sen. John C. Bohlinger, Vice Chairman (R)
Sen. John Cobb (R)
Sen. Jim Elliott (D)
Sen. Bill Glaser (R)
Sen. Duane Grimes (R)
Sen. Don Hargrove (R)
Sen. Ken Miller (R)
Sen. Emily Stonington (D)

Members Excused: Sen. Chris Christiaens (D)
Sen. Ken Toole (D)

Members Absent: None.

Staff Present: Leanne Kurtz, Legislative Branch
Mary Gay Wells, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 137, 1/10/2001
SB 138, 1/10/2001
SB 199, 1/10/2001

Executive Action: None

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HEARING ON SB 137

Sponsor: SEN. LINDA NELSON, SD 49, MEDICINE LAKE

Proponents: Harold Blattie, County Commissioner, Stillwater Co.
Carol Ferguson, Administrative Office, Hard Rock
Mining Impact Board.
John Lawton, City Manager, Great Falls
Alec Hansen, MT League of Cities & Towns
Kurt Alme, Director, Dept. of Revenue
Mary Wittinghill, MT Taxpayers Assoc.
Gordon Morris, Executive Director, MT Assoc. of
Counties
Jani McCall, City of Billings

Opponents: None

Opening Statement by Sponsor:

SEN. LINDA NELSON, SD 49, MEDICINE LAKE. This bill creates a state and local government relationships committee. It would consist of sixteen (16) members. The bill comes at the recommendation of the Local Government Funding and Structure Committee that met during the interim that was put together by SB 184 in the 1999 Legislative Session. If this new committee is formed, it would consist of eight legislators, three county government representatives, two cities and towns representatives, one K-12 education representative, and one representative each from the dept. of commerce and the dept. of revenue who would be nonvoting members. Our Local Government Funding and Structure Committee consisted of four legislators, two county commissioners, one city council member, one city manager, one county treasurer and the Dept. of Revenue Director. This was a great group.

We, in the Legislature, tend to enact bills that affect local governments with little idea of how it is going to affect them. We felt that it would be a good idea to have an on-going local government committee that would work together. The first sentence of our vision statement reads: We are dedicated to a partnership among state, county, city and school districts that is based on mutual trust and respect for local authority. We hope this new committee would be able to work out any problems that might arise.

Proponents' Testimony:

Harold Blattie, County Commissioner, Stillwater Co. I also served on the Interim Committee. From a county's perspective

this was a great opportunity for both local government and legislature to work together. This bill would go a long way to continue the work that has been accomplished.

Carol Ferguson, Administrative Office, Hard Rock Mining Impact Board. My current position has nothing to do with my testimony today, but I have been an employee of the state for 26 years and have worked in conjunction with local government and this is a good bill.

John Lawton, City Manager, Great Falls. I have worked in local government in different capacities for the past 17 years. During that time, we have had our complaints with the Legislature. I served on a committee in the early 1990's to reinvent government. That committee tried to improve local and state government and their working together. We did some things but didn't make any sweeping changes. The Local Government Funding and Structure Interim Committee was started two years ago and I was a member of that group. This Committee has done a terrific job coming up with a half dozen bills that will change the relationship for the better between the various branches of government. This has been the first time that state agencies, the legislature and representatives of city and county governments have all come together and discussed their problems. This was a good education for all in how each branch operates. Our Committee felt that this type of dialogue should be continued. I hope you will give this bill your favorable consideration.

Alec Hansen, MT League of Cities and Towns. I have been involved with many interim committees. They took on difficult issues and came up with some reasonable solutions. It is important that a committee be formed to carry on their work. This is a good bill.

Kurt Alme, Director, Department of Revenue. The Governor's Office is reviewing all the bills and specifically all the bills recommended by the Local Government Funding and Structure Interim Committee. Although they are not prepared to support specifics of the bills, the Administration wants to make clear that it supports the concepts and the process behind the bills and specifically this one.

Mary Wittinghill, MT Taxpayers Assoc. We also support the concept of this type of committee going forward. We sat through many of their deliberations and felt that much good was accomplished. There are only so many tax dollars available and with the tremendous amount of reimbursements and all the discussion on taxes, we feel that this committee in the next interim may be able to address some of these difficult funding

situations that have not been resolved to date. We encourage not only this type of dialogue between the schools and local government and the Legislature, but also the invitation they extended to the public.

Gordon Morris, Executive Director, MT Assoc. of Counties. I followed the Interim Committee closely and I support the bill and the concept.

Jani McCall, City of Billings. I also observed the Interim Committee and it has been a tremendous effort in collaboration between state and local government. This partnership needs to be encouraged. The City of Billings commends the Committee for the excellent work they accomplished. We urge the passage of this bill.

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Opponents' Testimony: None

Questions from Committee Members and Responses:

SEN. JIM ELLIOTT questioned the makeup or ratio of the committee. One concern is that some governmental entities seem to be under represented. The legislature seems to be over represented on the committee. Also, he asked if the different groups are content with the ratio of representation. **SEN. NELSON** said that the reason so many legislators would be needed is that many bills could come out of this new committee and in this way it would spread that legislation around instead of falling on the shoulders of a few. **Harold Blattie** responded that if a committee gets too large it becomes somewhat unwieldy and if too small gives an inadequate representation. If there is a group or entity that is not listed here, maybe they should be. To address the number of legislators, he felt that if there are more legislators on the committee, then there are more who are educated about local government at one time.

SEN. ELLIOTT wanted to know if there would be any objection if he were to offer an amendment that would increase the number of representatives of the county, city and education by as many as four people. **SEN. NELSON** said that her objection to that is it would make the committee too large and would not function as well. She would rather see the total number of legislators reduced to four.

VICE CHAIRMAN JOHN BOHLINGER assumed control of the Hearing as **CHAIRMAN DALE MAHLUM** left the hearing room.

SEN. EMILY STONINGTON is carrying a bill that revises governing the committee process and establishes another new committee called the State Tribal Relations Committee. Her concern was that last session, the legislature consolidated and now they are expanding again. In this committee proposal, the committees are expanding as is the composition and cost. She wanted to know how this could be justified. **SEN. NELSON** said that it might be possible to consolidate the two together.

SEN. BILL GLASER asked why the local governing agencies would want a committee put together with legislators that are outgoing and questioned the reality of a chasm between local and state entities. There is going to be an increase of new legislators and he felt the new legislators should be educated. **SEN. NELSON** replied that the chasm is evident by the laws that have been passed without their input which affect the counties.

SEN. DON HARGROVE asked if this bill is part of the "big bill. " **SEN. NELSON** said that it is not in the "big bill," but it is one of the bills put out by the Interim Committee. **SEN. HARGROVE** asked if this committee would be created under SB 11 from the 1999 Legislature. **SEN. NELSON** said that it would be added to that list.

SEN. HARGROVE asked if there was still a Local Government Policy Council. **Gordon Morris** said the Local Government Policy Council has lacked funding through the Bureau of Local Government Services at MSU for the past two years. It is basically defunct.

SEN. ELLIOTT offered an amendment taken from a letter received from the Board of Commissioners from Flathead County **EXHIBIT (los12a01)**. This letter was address to the Senate Local Government Committee. They proposed the committee be comprised of two members each from the House and the Senate, two elected county commissioners, two elected mayors representing cities and towns, two members from education, one appointee each from the Dept. of Commerce and Dept. of Revenue as ex officio members and one appointee from the Montana Treasurer's Assoc. as ex officio member. **SEN. NELSON** replied that an amendment as stated would not particularly bother her.

Closing by Sponsor:

SEN. NELSON closed. Thank you for the questions. I believe that **SEN. STONINGTON** in particular had some valid concerns and I would be willing to work on those possibilities.

{Tape : 1; Side : A; Approx. Time Counter : 23.6}

HEARING ON SB 138

Sponsor: SEN. LINDA NELSON, SD 49, MEDICINE LAKE

Proponents: Linda Stoll, Missoula County Commissioner
Harold Blattie, County Commissioner, Stillwater Co.
John Lawton, City Manager, Great Falls
Jon Metropoulos, MT Society for Certified Public
Accountants
Alec Hansen, MT League of Cities & Towns
Ron Alles, Chief Administrative Officer, Lewis &
Clark County
Mary Wittinghill, MT Taxpayers Assoc.
Kurt Alme, Director, Dept. of Revenue

Opponents: Letter from Board of County Commissioners,
Yellowstone County

Opening Statement by Sponsor:

SEN. LINDA NELSON, SD 49, MEDICINE LAKE. She presented her bill and handed in a written statement **EXHIBIT(los12a02)**.

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Proponents' Testimony:

Linda Stoll, Missoula County Commissioner. We would like to express our support for SB 138. We feel it would create substantial progress in accounting and budgeting for most local governments. The bill eases many outdated budget constraints. There is one problem that we see with the bill. I would like to hand out a page from the Montana Code Annotated **EXHIBIT(los12a03)**. The problem that we are having with SB 138 is that it repeals the sections of the law that talk about the alternative accounting method. The person who talked me through this particular section was **Mr. Dale Bickle, Missoula County Fiscal Officer**. He is a CPA and a former local government auditor. He gave this example. Presume for a moment, that Missoula County had a buy/sell agreement on a parcel of land in its industrial district. Legitimate and unforeseen expenditures are required to prepare the property for sale. Current budget law prohibits a budget amendment for the additional expenditure even though the sale proceeds would be received in the same budget year. Conversely, under the alternative accounting method, the County would be allowed to amend the budget for this

situation. Missoula County would support amendments that would leave the alternative accounting method intact. Those sections being repealed are: Sections 7-6-601, 7-6-603 and 7-6-604. We would like to suggest an amendment and that would be to take out that portion of the title that I just mentioned. We do not want those three sections to be deleted.

Harold Blattie, County Commissioner, Stillwater Co. Senate Bill 138 will provide a uniform Accounting and Budget Act for all units of local governments. Currently, functions of different types of local government may be covered under different areas of statutes. The proposed language will make the requirements of every unit of local government abundantly clear and remove many ambiguities.

It was the intent of the committee to require a higher level of responsibility to the public and the taxpayers, by smaller districts, which is not provided in statute. Specifically, under current law, a district which has less than \$200,000 in annual revenues is not required to conduct an audit. This exemption was enacted due to the high cost of having a full audit done. In the case of many small districts, the requirement to conduct a full audit could consume such a large portion of their revenue that little would be left to conduct the affairs of the district. Currently, a district which does not meet this threshold is required to submit an annual report to the Dept. of Commerce. The DOC is minimally staffed and has no personnel to thoroughly review these reports and as a result, there is little if any oversight. The basic tenet of any audit requirement is for the protection of the taxpayers and the trustees of a district. The money a district receives is public money. Therefore the public has every right to expect full and complete accountability. I am sure you recall news stories which unfortunately have appeared on a regular basis about clerks or treasurers of public entities embezzling thousands, if not tens of thousands of dollars. Some of these may have been prevented if appropriate safeguards had been in place.

The bill would provide a significantly higher level of accountability to those smaller entities, but not take away any of their authority. The bill does something else in that it provides that the county treasurer will be the custodian of the public funds. We have a situation in our county. We have two fire districts which had a practice going for many years that at the end of the budget year, and there might be a few thousand dollars left over, they would write a county award out to themselves and take it to the local bank. This then became their slush fund or off budget money.

This year, one of our fire district's June 30th cash balance (this cash balance should be what was budgeted the previous year for reserve) was a negative cash balance. We called the treasurer of the fire district and asked what was going on. The answer was that they had written the check out of the wrong account. No one knows how much money is in that account. We have had situations where the public comes to us and asks us for some accountability from these smaller districts and we do not have the authority to demand it.

The money under this bill will be with the county treasurer and the smaller entities would earn their interest the same as everyone else. The committee's intent was to more fully implement the alternative accounting method. If there are some technical problems I assure you that the committee's intent was not to do that. I would hope that appropriate amendments would be put forth.

The bill does not remove the authority of the local trustees of the water control district, cemetery district, etc. to determine what their mill levies are as long as they are compliant with 15-10-420. We, as county commissioners, clerk and recorders and treasurers help them make those calculations and make sure their mill levies are compliant. We don't tell them what to set their mills at. We county commissioners do however fix all mill levies. When we do the final budget, we fix the countywide mill levies for all the school mills, the county, state and local as well as our own. That may be where some of the confusion comes from.

John Lawton, City Manager, Great Falls. This bill could have been entitled, A Law Encouraging Accountability and Responsibility in Government. There are three aspects that will do just that. #1 It cleans up a body of confusing law--Title 7 has been accumulating over many decades. #2 It envisions a very strong role for the Dept. of Commerce. They would be empowered to make the rules that everyone has to follow. #3 The rules that the Dept. promulgates will be generally accepted accounting principles as established by the Governmental Accounting Standards. This is a national organization following national processes to establish the rules for local governments nation wide. Many governments in Montana including the State of Montana follow those rules. This is a good bill and I would encourage you to support it.

Jon Metropoulos, MT Society for Certified Public Accountants. We support the bill and the philosophy. We would like to point out some potential problems. For example, Section 2 states that the fiscal year will end on June 30. That may be inappropriate for some entities such as irrigation districts. They would be in the

middle of their irrigation work. Some have contracts with the U.S. government and it would be difficult to tailor their financial books around those contracts. In addition, Section 5 and Section 32 contain some terms that perhaps should be defined. In Section 5, my concern is the first clause which states "money may not be transferred from one fund to another except by resolution of a county or municipal governing body." Is "municipal governing body" defined in the bill. Local government is defined. In Section 32, the reference is "the governing body shall fix the tax levy for each taxing jurisdiction with the county or municipality." That seems somewhat unclear. If the reference is to the governing body of the county or municipality, then that might inadvertently usurp powers from the irrigation district. If the reference is to the governing body of another local government like an irrigation district, then I believe that needs to be redrafted.

Alec Hansen, MT League of Cities and Towns. We support this bill and hope that it would clean up the laws that govern these local governments. There is one little change that has been suggested by the city attorney in Bozeman. I will hand in a copy of the suggested amendment **EXHIBIT (los12a04)**. It states: "The city or town council or commission shall actively solicit offers on a competitive basis from available qualified insurance or surety companies before purchasing the bonds."

Ron Alles, Chief Administrative Officer, Lewis & Clark County. We support this bill. It is a good bill and helps all local governments in the state. It provides a standard of accountability. I would support the Missoula County suggestion that would leave in the alternative accounting method. It essentially is the same as what is written here.

Mary Wittinghill, MT Taxpayers Assoc. We believe that by bringing in all the special districts into some standard reporting, taxpayers across Montana can be assured that at least the education is there for these district trustees. In Section 30, we would hope and have been assured that this will not increase taxes under this accounting proposal.

Kurt Alme, Director, Department of Revenue. The Governor's office is reviewing all these local government funding structure bills. Though they are not prepared to support the specifics of the bill, they support the concepts behind these bills. They support the responsibility and accountability of the local governments and they also recognize that this bill was created by local government experts. We appreciate the hard work of all concerned.

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Opponents' Testimony:

Letter from Yellowstone County Commissioners EXHIBIT(los12a05).

Questions from Committee Members and Responses:

SEN. DUANE GRIMES asked how the rural financial county people feel about this bill. **Gordon Morris, Executive Director, MT Assoc. of Counties (MACO)** said that he had not spoken on the bill, but he had worked closely with others on the bill and they definitely support it. The new sections are simple restructuring of current sections.

SEN. GRIMES asked if there had been unanimity of thought in MACO? **Mr. Morris** said the only opposition that was presented came from an earlier version where the role and duties of the treasurer and the clerk and recorder were originally proposed to be repealed. Based upon that opposition, this was put back into the bill.

SEN. DON HARGROVE brought to the attention of the Committee and the people in attendance the letter from Yellowstone County (Exhibit 5). He then asked if all counties had been well informed and knew what was going on. (At this point the letter was passed to Gordon Morris.) **Mr. Morris** was surprised at the letter and mentioned that Yellowstone County was one of the founding counties who implemented the alternative accounting method. They had taken a keen interest in the creation of this bill.

SEN. HARGROVE asked about Section 34, (7) where it talks about 20 audits each year. He asked if these abrogate in any way the responsibility of county auditors or if it poses a potential conflict. **Mr. Morris** replied that it has nothing to do with the county auditor and this portion raises the bar so that some of the smaller jurisdictions will come under the provision of this law. It changes nothing as far as the county auditors are concerned.

SEN. HARGROVE said that these 20 audits throughout the year are part of the fiscal note. **Mr. Morris** said that is correct.

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SEN. GRIMES asked if the rural counties are operating under Generally Accepted Accounting Principals (GAAP).

Judy Paynter, Dept. of Revenue responded that some of the smaller counties are small enough that some of the things did not fall under all of the standards requirements. Many of the special entities were in this small group.

SEN. GRIMES said that if they are not fully in compliance with GAAP, would they be compliant under another accepted accounting principal. He continued with the question of what kind of burden would this place on a small county that wouldn't be fully functional under GAAP. **Ms. Paynter** said that she believed every county was big enough to reach the threshold of \$200,000. There are special districts that don't meet that threshold. With the broadened definition of audit, there will be some special districts that will fold into the county audit. On page 16, when there are little special districts, the Dept. of Commerce has the authority to select 20 audits each year. This would be a random choice. The Dept. of Commerce would pay for those audits.

SEN. GRIMES asked for a comment on the end of the fiscal year and the effect it would have on irrigation districts. **Norm Klein, Dept. of Commerce** said that there are a number of irrigation districts that operate on a calendar year as opposed to the state fiscal year. However, there are assessments that are utilized to fund their operations. These are basically collected in the same manner as the property taxes - first payment in the fall and second payment in the spring. These adjustments have been made in a smooth transition.

SEN. EMILY STONINGTON stated that under current law, it appears that each local government entity does audits currently every two years and these are submitted to the Dept. of Commerce.

Mr. Klein replied that these audits are submitted to the audit review section.

SEN. STONINGTON asked if there is redundancy in this bill.

Mr. Klein stated that his understanding of the bill was to allow for 20 selected audits for those entities that did not fall under the current standards. **SEN. NELSON** said that these 20 selected audits would be random selections of these smaller districts that do not meet the threshold of \$200,000. The purpose is for accountability and responsibility.

SEN. STONINGTON asked if this would mandate greater financial reporting to the county commissioners, to the state as well as to a possible audit on these entities. **SEN. NELSON** replied that this is making them more accountable because the county treasurer would be their banker. She stated that there are some 700 plus districts. Doing 20 of these a year is not a large amount and would not be overly burdensome. **Mr. Blattie** did not believe

that there is redundancy in this bill. The requirement of 20 selected audits applies only to those entities under the \$200,000 bar. The intent was to only bring those entities that have very little accountability into some standard of accountability. This does not require any additional reporting on their part to the county. Their money would be held at the county. As a county commissioner he would look at their trial balances and see if it passes the "does this make sense" test. The county treasurer would supply no additional information to the Dept. of Commerce. It is simply that the money would be there and if someone came in and wanted to know what had happened to some money in this district, the record is there.

SEN. BILL GLASER asked what the current existing authority is for reserves. **Mr. Morris** said that it is 1/3 of the expenditures that have been budgeted for the fiscal year for reserving purposes. This is intended to get the local government through the period July 1 through the end of the tax collection period in November.

SEN. GLASER asked if this "50%" is an increase. **Mr. Morris** replied that yes it is an increase.

SEN. GLASER then asked if another bill, that is in the process, which is asking for education money to be taken out of the management of the county treasurer and given to the education system, would have an effect on this bill. **Mr. Morris** said that Mr. Lance Melton of the Montana School Board Assoc. expressed his opinion to him that they ought to be able to have and manage their monies that are currently being handled by the county treasurer. If that bill should pass into law, he saw no bearing of this bill on that other one.

SEN. GLASER stated that in SB 137 and SB 138 there is a \$481,000 fiscal note and where would this money come from. **Mr. Alme** responded that he did not have an answer for the question.

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SEN. HARGROVE stated that bureaucracy grows and it is necessary to clean statutes up now and then. He wondered if this bill was necessary. **SEN. NELSON** stated that there had been many people on the committee who felt strongly that there needed to be a change. **Ron Alles** said that the alternative accounting method was a standard that was nationwide. He stated that in his county there have been problems in the smaller districts, mainly fire districts. Just because their money would be residing with the county treasurer, that doesn't mean their accounting methods are consistent with the county standards. They do their own

accounting. This bill would allow the Dept. of Commerce the opportunity to ask a small district for a review of their books.

SEN. HARGROVE asked if the city or county would have less of a responsibility and the state would be assuming that responsibility. **Mr. Alles** said not necessarily. In Lewis and Clark County, the county helped a particular fire district review their documents. The district had asked for their help. But people come in and ask questions about their trustees and accounting procedures. This bill would allow the county commissioners to request the Dept. of Commerce to check a certain entity out.

SEN. GRIMES said that the fiscal note states that local revenue or expenditures will not be affected. He questioned if that were true. **Mr. Alles** replied that currently each district has their own bookkeeper, etc. The simplest form of control is that they require two signatures. Other than performing an audit, that is the only control of the district. The larger districts (over \$30,000) have a volunteer bookkeeper that would keep track of the minutes for the board. Under this bill, these smaller districts would not have to hire a bookkeeper or additional personnel.

SEN. STONINGTON asked if the state should do the auditing or should the state give that authority statutorily to the counties in order to keep control at the local level. **Mr. Alles** said that would make absolute sense. The problem, as a local government, is that they are not required to do so at this time. If this should be given over to the counties, the counties would not have the additional funds to do extra audits.

SEN. STONINGTON asked if under current law, do the counties have any authority to tighten up these accounting standards.

Mr. Alles said the commissioners have some oversight concerning the levies but that is the only authority at the present time.

SEN. JOHN COBB asked about page 14, line 4 and page 21, line 19. There is a definition of local government entity on page 14 and local government on page 21. On page 15, line 1 it states special education or other cooperatives and on page 21, line 28 it states cooperatives by itself. On page 14, line 29 it states school districts but on page 22, line 21 it states school districts, (comma). He wanted the sponsor to make sure that there was consistency within the bill.

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SEN. KEN MILLER stated that in the presentation of the proponents they have heard pitches for streamlining, accountability,

cleanup, etc. He wondered why, when they are streamlining, it costs a quarter million dollars. **SEN. NELSON** replied that the question is a good one. She further stated that it did seem these undertakings always costs a bundle of money and did not know why this was so.

SEN. MILLER said that streamlining should mean less bureaucracy and should mean less money. **SEN. NELSON** felt that would be more apparent down the road.

Closing by Sponsor:

SEN. NELSON closed. It is a complicated bill with major changes. The sub-committee worked on this bill and believed in what they were doing. The recommendations that have been presented seem to be appropriate. Thank you for your questions and time.

At this point in time **CHAIRMAN DALE MAHLUM** returned and took up the gavel.

HEARING ON SB 199

Sponsor: **SEN. MIKE TAYLOR, SD 37, PROCTOR**

Proponents: None

Opponents: None

Opening Statement by Sponsor:

SEN. MIKE TAYLOR, SD 37, PROCTOR. I bring for your consideration SB 199. This bill authorizes the use of inmate labor through a county jail work program for the management of noxious weeds and for other maintenance projects authorized by the county commissioners; allowing a district weed board to enter into agreements with a county sheriff for the use of inmate labor. This is a clarification to current law. Senate Bill 199 is part of a bigger bill that is coming through. Senate Bill 199 is another way to fight that silent invader which is probably doing more damage to our water, wildlife and native plants. The inmates would be those who are non-violent.

Proponents' Testimony: None

Opponents' Testimony: None

Informational Testimony:

Gordon Morris, Director, MT Assoc. of Counties. There is a community service section in the Codes right now where jail inmates can be, by court order, put into community service projects. This would give the county the authority to do it and not the district court. This is worth pursuing.

Questions from Committee Members and Responses:

SEN. JOHN BOHLINGER asked what sort of projects could be done in the Billings district. **SEN. TAYLOR** said that in the case of a big city, their county commissioners could use them to repaint public buildings damaged by graffiti, pick up trash, clean the streets, or shovel snow off sidewalks for the elderly or for low income people.

SEN. BILL GLASER wondered about Section 2, (7) where it states "on public or private land." He asked if weed work could be done on private land. **SEN. TAYLOR** said that the county commissioners would have to approve each work program and that it was necessary that it not compete with private business.

SEN. EMILY STONINGTON stated that on page 2, line 13, the current law states that a "person's labor or other work may not be contracted out to a private party." On page 3 (7), the new language states "weed management whether on public or private land." Is there a conflict here? **SEN. TAYLOR** says that the county commissioners could use this type of labor to service a piece of ground for a low income person.

SEN. STONINGTON asked if the county commissioners could assign this work and pay for it on either public or private land.

SEN. TAYLOR said that there are certain rules and regulations when inmates are used and the counties would be responsible to pay the inmates for the work. The intention of the bill is that the county commissioners can use inmates to work on public or private land with pay as long as it does not compete with private enterprise.

SEN. JIM ELLIOTT reported a conversation he had with an under sheriff. The under sheriff said two things: one was that their department had no room in their budget to pay for supervisory personnel and two was that of liability should an inmate be injured. **SEN. TAYLOR** said that counties are under limited liability already and this is in law. The counties would use their money for these costs and hopefully would have some extra money for such cases. They could also work with the weed districts to share these costs.

SEN. DUANE GRIMES posed questions concerning private land issues. He asked if a county road should cross private land with noxious weeds, would this be a legitimate project. He further asked if someone defaults and does not meet their commitments under the weed management program in their county, would the county have to take care of that land which is essentially abandoned property.

SEN. TAYLOR said that those were both good examples of projects that could use inmate labor under this bill.

Closing by Sponsor:

SEN. TAYLOR closed. I hope this bill would offer a realistic way to make use of inmates in a productive manner. They might even come away with a new profession. It is important for Montana.

ADJOURNMENT

Adjournment: 5:05 P.M.

SEN. DALE MAHLUM, Chairman

MARY GAY WELLS, Secretary

DM/MW

EXHIBIT (los12aad)